

INFORMATION REPORT

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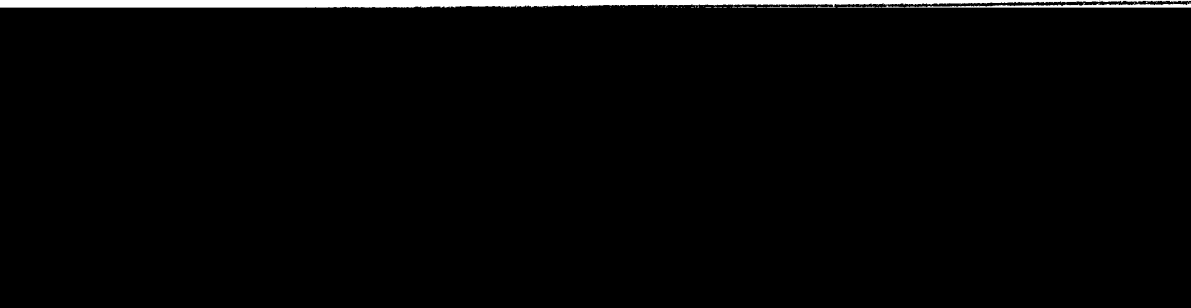
SUBJECT Reaction of Hong Kong Chinese to US Policy in
Korea and Taiwan

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- 25X1X 1. US action in Korea has offered much encouragement to the peoples of Asia who are attempting to resist Communist domination. At the same time, however, it has given the Communists, who are capitalizing on the nationalist sentiments of these people, an opportunity to paint for them a picture of an aggressive United States imposing its will on Asia through the application of military might. Propaganda of this type will gain ground as long as the Americans are forced to fight Asiatics in order to restore peace in the Far East.
2. The fact that the Soviet Union has openly repudiated the decision of the UN Security Council makes it clear that the Soviet Union will not readily yield. This does not mean that a shooting war is inevitable. The Soviet Union does not need to engage its own forces in a shooting war. It can readily instigate in any part of the world action similar to that in Korea. These incidents may equally call for US military action. If the US does not accept the challenge her prestige as a world leader is threatened, while if she does accept, she will be in danger of exhausting her manpower and material resources in fruitless combat with the Soviet satellites. The USSR will enter the picture directly only when by the exertion of relatively little effort it can tip the scales in its own favor.
3. President Truman's statement insofar as Taiwan is concerned was a very serious blow to the Chinese Communists. The conquest of Taiwan was the top priority objective for the year 1950. They cannot and will not cancel their plans to assault the island. President Truman's statement and the presence of the Seventh Fleet in the Formosa Straits will not deter them. Abandonment of invasion plans would destroy the prestige the Chinese Communists have achieved by their uninterrupted victories over the Nationalists and their success in eliminating Western influence from China. Low-ranking Communists fervently hope that the conquest of Taiwan and Tibet will be followed by a period of peaceful internal reconstruction. If the US intervenes in Taiwan, these Communists will feel that the US is imposing an unnecessary hardship upon them. Such feeling will tend to postpone indefinitely the possibility of a serious split in the ranks of the Chinese Communist Party.
4. The US will have to fight the Chinese Communists if they attack Taiwan. Such a war would have high propaganda value for the Communists. Furthermore, the US would lose its last opportunity to wean China away from the

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Soviet bloc.

5. The US decision on Korea was a statesmanlike one, prompted by unselfish motives. However, the fact that the US is forced to take the primary responsibility in this case is evidence that the US has not done enough to organize democratic forces in Europe and Asia. It has stressed too much the role played by those in power. The US cannot hope to combat Communism successfully unless it is prepared to fight in the fashion least acceptable to it - an eye for an eye, subversion for subversion.

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